



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

Michael O. Leavitt
Governor
Lowell P. Braxton
Division Director

*m/049/009
sent originals
for signature
3/7/01*

FACSIMILE COVER SHEET

DATE: Mar 2, 2001

NUMBER OF PAGES INCLUDING THIS COVER SHEET: 11

TO: Paul Spar
Sintic Utah Metals LLC

FAX NUMBER: 1-435-433-6674

FROM: Joelle

Minerals Reclamation and Development Program

PHONE: (801) 538-5291

FAX: (801) 359-3940

SUBJECT: CD Cover Letter & Reclamation Contract

REMARKS: Paul - would you please look these
over before I send the CD cover letter
& Contract to Mr Weitz for signature,
then back to you, then back to us to
final.

Should you encounter any problems with this copy, or do not receive all the pages, please call

Important: This message is intended for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return this original message to us at the above address via regular postal service. Thank you.

TRANSACTION REPORT

P. 01

MAR-02-2001 FRI 09:15 AM

FOR: OIL, GAS & MINING

801 359 3940

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
MAR-02	09:10 AM	14354336674	5' 07"	11	SEND	OK	325	

TOTAL : 5M 7S PAGES: 11



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DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

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March 1, 2001

Zions Bank
Payson Branch
80 East 100 North
Payson, Utah 84651

Attention: Rex Wilkerson, Branch Manager

Re: Reclamation Surety, Certificate of Deposit for Chief Consolidated Mining Company and Tintic Utah Metals, LLC, Burgin Mine Site, M/049/009, Utah County, Utah
Certificates of Deposit no. ~~93120450277~~ and ~~93120450278~~, Principal Amount \$350,000.

This letter describes the mutually agreed upon instructions of the below signed parties to Zions Bank (Bank), regarding the control, redemption, and release of Bank's above-described certificates of deposit (CD), which is being used as a surety to guarantee the availability of reclamation funds for the Apex/Burgin mine site, Utah County, Utah (Mine Site). It is the intention of the parties that the CD be utilized as surety to guarantee that \$350,000 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining (Division) upon demand in the event that the operator(s) of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with state law and regulations (Title 40-8-14(7), and Rules R647-4-114 & R647-5-101).

Ownership and Renewal:

Ownership of the CD is retained by Chief Consolidated Mining Company an Arizona corporation, and Tintic Utah Metals, LLC, a Colorado corporation (collectively "Owners"), but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining and is subject to the terms and conditions described in this agreement. The CD shall automatically renew indefinitely until either redeemed or released by the Director of the Division.

Redemption:

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of the Director of the Utah Division of Oil, Gas & Mining to the Bank. Upon the instruction and demand of

the Director, the full initial amount of the CD shall be transferred to the State of Utah, Division of Oil Gas and Mining. Owners agree and irrevocably instruct Bank that neither the Owner(s), nor any other person claiming an ownership interest in the CD which is derived from the Owners, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owners' control, or if Owners do not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Director of the Division may redeem the CD.

Release:

The bank shall release the CD only upon the written instruction of the Director of the Division to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owners, or their legal successors-in-interest.

Accrued Interest:

Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the Owner(s) as the Owner(s) may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner(s) may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD which would cause the redemption amount of the CD to be less than the initial amount, \$350,000. All tax liabilities for accrued interest shall remain the responsibility of the Owners.

Bank will not be held liable for any dispute between the parties.

Agreed Upon By:

Lowell P. Braxton, Director
Utah Division of Oil, Gas & Mining
Tax ID Number: ~~XXXXXXXXXX~~

Date: _____

Leonard Weitz, President
Chief Consolidated Mining Company
Tax ID Number: ~~XXXXXXXXXX~~

Date: _____

Paul C. Spor, Executive Director
Tintic Utah Metals, LLC
Tax ID Number: ~~XXXXXXXXXX~~

Date: _____

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
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RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/049/009
(Mineral Mined) Pb, Zn, & Ag

"MINE LOCATION":
(Name of Mine) Burgin Mine
(Description) Approximately 3 miles due east of
the town of Eureka, Utah

"DISTURBED AREA":
(Disturbed Acres) 118.5
(Legal Description) (refer to Attachment "A")

"OPERATOR":
(Company or Name) Tintic Utah Metals, LLC
(Address and Phone) 15988 Silver Pass Road
Eureka, Utah 84628
435-433-6606

"OPERATOR'S REGISTERED AGENT":
(Name) C.T. Corporation
(Address and Phone) 50 West Broadway 8th Floor
Salt Lake City, Utah 84101
801-364-5101

"OPERATOR'S OFFICER(S)": Paul C. Spor, Executive Director

and

"OPERATOR":

(Company or Name)
(Address and Phone)

Chief Consolidated Mining Company
500 5th Avenue, Suite 1021
New York, New York 10110
212-354-4044 (fax) 212-354-4412

"OPERATOR'S REGISTERED AGENT":

(Name)
(Address and Phone)

Adren Underwood
Box 270
Eureka, Utah 84628

"OPERATOR'S OFFICER(S)":

Leonard Weitz, President and Director
Christopher Arnold, Secretary/Treasurer

"SURETY":

(Form of Surety - Attachment B)

Certificate of Deposit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Zions Bank - Payson Branch

"SURETY AMOUNT":

(Escalated Dollars)

\$350,000

"ESCALATION YEAR":

1997

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Tintic Utah Metals, LLC and Chief Consolidated Mining Company the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/049/009 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and

Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated June 3, 1985, and the original Reclamation Plan dated June 3, 1985. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the

Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Tintic Utah Metals, LLC
Operator Name

By Paul C. Spor
Authorized Officer (Typed or Printed)

Executive Director
Authorized Officer - Position

Officer's Signature

Date

STATE OF _____)
COUNTY OF _____) ss:

On the _____ day of _____, 20____, Paul C. Spor
personally appeared before me, who being by me duly sworn did say that he/she is the _____
Executive Director of Tintic Utah Metals, LLC and duly
acknowledged that said instrument was signed on behalf of said company by authority of its
bylaws or a resolution of its board of directors and said Paul C. Spor duly
acknowledged to me that said company executed the same.

Notary Public
Residing at _____

My Commission Expires:

OPERATOR:

Chief Consolidated Mining Company
Operator Name

By Leonard Weitz
Authorized Officer (Typed or Printed)

President
Authorized Officer - Position

Officer's Signature

Date

STATE OF _____)
COUNTY OF _____) ss:

On the _____ day of _____, 20____, Leonard Weitz
personally appeared before me, who being by me duly sworn did say that he/she is the
President of Chief Consolidated Mining Company
and duly acknowledged that said instrument was signed on behalf of said company by
authority of its bylaws or a resolution of its board of directors and said Leonard Weitz
duly acknowledged to me that said company executed the same.

Notary Public
Residing at _____

My Commission Expires:

DIVISION OF OIL, GAS AND MINING:

By _____
Lowell P. Braxton, Director

_____ Date

STATE OF _____)
COUNTY OF _____) ss:

On the ____ day of _____, 20 01, _____ Lowell P. Braxton
personally appeared before me, who being duly sworn did say that he/she, the said
_____ Lowell P. Braxton _____ is the Director of the Division of Oil, Gas and Mining,
Department of Natural Resources, State of Utah, and he/she duly acknowledged to me that
he/she executed the foregoing document by authority of law on behalf of the State of Utah.

Notary Public
Residing at: _____

My Commission Expires:

ATTACHMENT "A"

Tintic Utah Metals, LLC and Chief Consolidated Mining Company
Operator

Burgin Mine

M/049/000
Permit Number

Utah County, Utah

The legal description of lands to be disturbed is:

Facility	1/4	1/4	Sec.	T	R
Orig. Permit, 1986					
Apex No. 2	SE	NW	22	10S	2W
Hunter Shaft	SE	SW	15	10S	2W
Burgin Complex	SE	SE	15	10S	2W
Tailings Disposal	NW	NE	14	10S	2W
Settling Ponds		NE	18	10S	1W
Tot. 1986 Approval					
06/12/85 Approval					
Ponds 2,3 &4	SE	SE	15	10S	2W
12/8/1986 Approval					
Ponds A, B, C	NE	SE	15	10S	2W
12/9/1992 Approval					
Zuma Clay Pit	SE	NW	21	10S	2W

The acreage based on the 1985 Reclamation Contract is:

Facility	Permit ac.	Bonded Disturbance	Actual Disturbance	Reference
Original Permit, 1986				
Apex No. 2	2.8	2.8	2.8	2
Hunter Shaft	10.0	7.2	0.0	1
Burgin Complex	57.9	29.4	29.4	1
Tailings Disposal	41.4	28.7	0.0	1
Settling Ponds	180.0	36.1	0.0	1
Total 1986	292.10	104.2	32.2	
06/12/85 Approval				
Ponds 2,3 &4	2.2	2.2	2.2	3
12/8/1986 Approval				
Ponds A, B, C	28.7	10.1	0.0	4
12/9/1992 Approval				
Zuma Clay Pit	7.0	5.0	5.0	3
Totals	379.1	118.5	39.4	